Ministry of
Finance

SERVICE PLAN
2002/2003 – 2004/2005

Ministry of Finance

February 2002

103-03762/

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Published by the Ministry of Finance

A *New Era* of Government Service

Three-year Service Plans represent an important part of the government's commitment to open and accountable government. In August 2001, the government amended the *Budget Transparency and Accountability Act* to require government to table a three-year Strategic Plan and annual three-year service plans for ministries and government organizations with the provincial budget. These Plans will ensure government and its individual ministries clearly outline their goals, and enable British Columbians to hold government accountable for its decisions and actions.

The government's Three Year Strategic Plan articulates the government's vision: *British Columbia is a prosperous and just province, whose citizens achieve their potential and have confidence in the future.* It also establishes three strategic goals that are key to achieving the government's overall vision:

- A strong and vibrant provincial economy
- A supportive social infrastructure
- Safe, healthy communities and a sustainable environment

This Service Plan details the Ministry's mission and objectives, which support the government's strategic goals. The Service Plan also includes performance measures that will be used to assess the Ministry's progress in achieving its objectives. Ministry objectives and performance measures are a new initiative. In some cases, as planning progresses, performance measures will become more detailed as they are further developed.

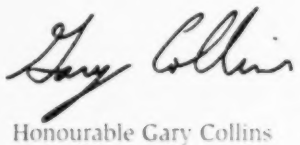
After the end of each fiscal year, the ministry will prepare a Service Plan Report that will describe actual accomplishments for the year just completed. The Report will include a comparison of planned and actual results, from both a financial and performance measure perspective and allow the public to assess the government's performance.

In the years ahead, Service Plans and Service Plan Reports, prepared by government ministries and organizations, will become the key tool by which government will manage public resources to ensure government programs are contributing, in a measurable way, to key government priorities in an efficient and effective manner.

The government's three-year Strategic Plan and Ministry three-year Service Plans will guide the reform of the province's public services so they meet British Columbians' needs. Measures to revitalize economic prosperity and protect and renew public services will lay the groundwork for a future of new opportunity for all British Columbians.

Accountability Statement

The 2002/03 - 2004/05 Ministry of Finance Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. The plan was developed in the context of the government's *New Era* commitments which are to be addressed by May 17, 2005. All material fiscal assumptions and policy decisions as of January 28, 2002 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.



Honourable Gary Collins
Minister of Finance

February 6, 2002

BRITISH COLUMBIA

Ministry of Finance

I have the honour of submitting the Ministry of Finance Service Plan for the period April 1, 2002, to March 31, 2005. This plan is presented in accordance with section 13 of the *Budget Transparency and Accountability Act*.

The Ministry of Finance plays a pivotal role in establishing and implementing government's financial and management policies and initiatives. Our core services include: providing advice to support government's financial and economic objectives, financial management and regulation, financial reporting, and administrative support.

In his letter of June 25, 2001, the Premier outlined several key responsibilities for the Ministry of Finance. The attached Service Plan reflects the achievement of several of these specific objectives and outlines a strategy to meet our commitments over the next three years.

Specifically, the Ministry has established a budgeting and planning framework to help government to achieve its financial and economic development objectives. Our primary initiatives relate to re-aligning governance and advisory resources to focus on key risks and opportunities, introduction of a new capital management framework, requiring the electronic delivery of business registration services, consolidating and streamlining reporting and administrative functions, designing a proactive collective bargaining mandate, and expanding the government's risk management programs. In addition, the Ministry will restructure unclaimed property services and will streamline corporate systems development initiatives with a new cost-recovery framework.

I am proud of the commitment made by Ministry staff in working towards achievement of this plan. As a result, I am confident that the Ministry of Finance will remain an example of excellence in public-sector service delivery.

Honourable Gary Collins
Minister of Finance

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A. Strategic Context

Vision

To be a responsive organization that is a model for leadership in promoting sound fiscal management and governance in an open and accountable public-sector environment.

Mission

To develop a sustainable fiscal plan, to prudently manage government finances, and to create a sound policy and regulatory framework that supports the government's investment and economic development objectives.

Values and Leadership Philosophy

Our Values are:	Our Leadership Philosophy is to:
Accountability	• be accessible and responsive to our client needs • measure and report on our performance at all levels • recognize achievement and learn from our mistakes • support a risk-based management system that encourages competency and performance • focus resources and analysis on those activities that present the greatest opportunities or pose the greatest risk to the government's fiscal and economic plan
Innovation	• explore new partnerships and ideas about how we do our business • embrace technological change to capture new opportunities • make strategic investments in our people
Respect and Integrity	• focus on our customers and clients • provide leadership and encourage teamwork • value diversity and differences of opinion • protect confidentiality of information
Trust and Honesty	• keep our activities and outputs open and transparent • respond to feedback from the public and our clients • ensure clear and open communication

Planning Context

The contextual factors that present challenges, opportunities and risks for the Ministry of Finance over the next three years include:

I. External Factors:

- Uncertainty in worldwide economic growth and commodity markets create risks for government revenues and expenditures
- Globalization of economic and financial markets increases competition for investment
- Technological innovations provide opportunities for greater productivity and efficiency
- Increasing demands for more efficient and client-centered delivery of services and programs
- Changes to Public Sector Accounting Board (PSAB) accounting and reporting standards
- Changing demographics may create a skilled-labour shortage
- Changes in labour market dynamics require a new model for managing public-sector contracts

II. Internal Factors:

- Government's legislated commitment to balance the budget beginning in 2004/05 and the Core Services Review lead to increased focus on streamlined and efficient delivery of programs and services
- The shift from an output to an outcome focused organization requires results based strategies
- Government's deregulation initiative requires a review of all current legislation and policies
- The shift towards risk-based management requires redeployment of Ministry resources to those areas that present the greatest risks or opportunities
- Government's commitment to encourage alternative public service delivery including public-private partnerships will require a new capital management framework and a restructured organization
- The expanded reporting entity (including Crown corporations and agencies) and the move toward full implementation of generally accepted accounting principles (GAAP) will significantly change the budget and financial statements and the process to prepare them
- An aging workforce presents significant succession and recruitment challenges
- Changes to programs and adoption of new technology will require additional training and development for staff

B. Strategic Shifts

The strategic shifts being undertaken by the Ministry are as follows:

- **From** advising and treating all clients the same **to** focusing on major risks and opportunities.
- **From** a "command and control" approach **to** one based on accountability and performance measurement of ministries, Crown corporations, and agencies.
- **From** a one-year planning horizon **to** a multi-year planning framework.
- **From** a focus on ministries, Crown corporations, and agencies **to** the larger government entity (including schools, health authorities and some post-secondary institutions).

C. Consistency with Government Priorities

The Ministry of Finance's service plan strategies are consistent with and support government's *New Era* commitments and priorities. In 2001/02, the Ministry completed the following:

- Established a three-year planning framework to balance the budget beginning in 2004/05
- Developed and implemented a timetable for more than $2 billion in annual tax cuts to encourage investment and innovation
- Completed the majority of public sector labour negotiations
- Streamlined and restructured the Public Sector Employers' Council (PSEC) in September 2001

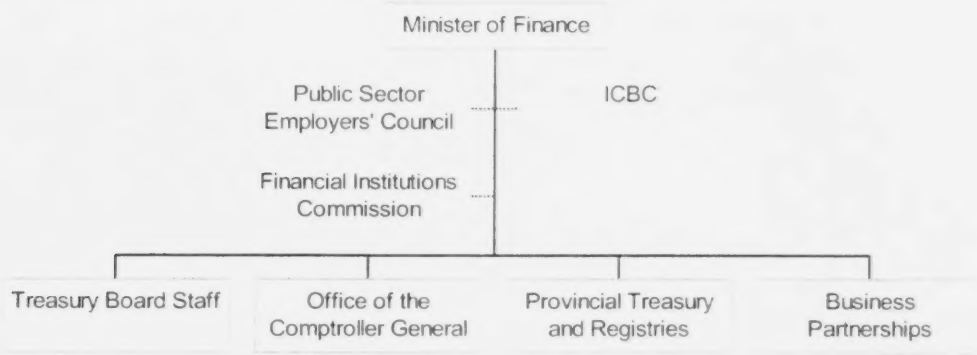
Other government priorities that are addressed in the Ministry's service plan include:

- Support development of three-year service plans for ministries and Crown agencies, with a focus on accountability and performance
- Effectively regulate the provincial business environment
- Enhance accountability, reporting and transparency
- Streamline capital approval process and sponsor use of public-private partnerships
- Responsible, accountable management of public resources and tax dollars.

D. Core Business Areas and Goals

The Ministry is comprised of four major divisions and three related agencies:

Organizational Structure



The Ministry's goals and objectives are supported by four core business areas:

1. **Providing advice to support government's financial and economic objectives:** Assists the government in reaching informed decisions by providing advice and support to the Minister of Finance, Treasury Board, Government Caucus Committees, and Cabinet on financial, social, economic, and tax policy issues along with intergovernmental arrangements. Provides support to ministries and agencies for policy development and budget planning. Consolidates the capital plans of ministries, Crown corporations, and agencies to enable the government to manage its capital program within its fiscal framework. Provides strategic advice and support for public sector labour relations.

2. **Financial management and regulation:** Develops and manages the government's three-year financial plan and associated risks and opportunities. Provides corporate and personal property registration services to support business activities in the province. Manages government cash flows and debt to maximize investment returns and to minimize interest costs. Provides a financial management policy framework for government. Provides a Corporate Accounting and Reporting System for government. Provides internal audit services to support ministry and cross-government activities. Provides insurance, risk mitigation and business continuation planning services to the public sector.

3. **Financial reporting:** Produces financial and economic reports to assist the public, investors, and credit rating agencies in understanding the government's fiscal position. These reports include the government's Three Year Fiscal Plan and Budget, the Estimates, Quarterly Reports, the Financial and Economic Review, Public Accounts, and Debt Statistics reports.

4. **Executive and administrative support services:** Provides overall direction, development, and support for ministry programs.

These business activities are supported by the divisions within the Ministry:

Division	Provide Advice	Financial Management & Regulation	Financial Reporting	Executive & Administrative Support
Ministry Executive	x			x
Financial and Corporate Sector Policy	x			
Treasury Board Staff	x	x	x	x
Office of the Comptroller General	x	x	x	x
Provincial Treasury	x	x	x	x
Registries		x		
Insurance and Risk Management	x	x		
Unclaimed Property		x		
Business Partnerships	x	x		
Financial Institutions Commission		x		
Public Sector Employers' Council	x			
BC Family Bonus Program		x		

The Ministry is also responsible for:

- Vote 46 – Management of Public Funds and Debt (debt servicing)
- Vote 48 – Government Restructuring (All Ministries)
- Vote 49 – Contingencies (All Ministries) and New Programs
- Vote 55 – Seismic Mitigation.

The following table outlines the goals, objectives, strategies, and performance measures that support each of the Ministry's core business activities. These strategies and measures are currently under development and will be reviewed, revised, and expanded as the service plan is implemented.

Core Business Activity 1: Provide advice to support government's financial and economic development objectives.

Goals/Objectives	Strategies	Performance Measures	Benchmark/ Baseline 2001/02	Targets		
				2002/03	2003/04	2004/05
• Balance provincial budget beginning in 2004/05	• Implement three-year planning framework for all ministries • Restructure policy and advisory resources to provide targeted advice on strategic risks and opportunities • Maximize proceeds from the disposal of government assets identified through the Core Services Review and budget process.	• Achieve annual targets for the provincial budget	n/a	Yes	Yes	Yes – Budget Balanced
• Increase accountability and performance in the management of capital infrastructure by encouraging public-private partnerships (P3s) and alternative service delivery (ASD)	• Introduce a new capital asset management framework establishing standards for the planning and management of public infrastructure • Create a new organization to foster innovative service delivery solutions (e.g., P3s) • Develop capacity and tools to assist greater government understanding of P3s and alternative procurement and in identifying strong P3 opportunities.	• Number of P3/ASD projects initiated with financing in place	0	10	15	20
• Establish a competitive tax and business environment that encourages economic growth	• Develop strategies to continuously improve BC's ability to attract investment and innovation. • Keep personal income tax rates competitive with the rest of the country • Streamline policy and reduce regulatory requirements by 1/3 or better	• Provincial ranking of personal income tax rates for the bottom two tax brackets • Provincial ranking of the personal marginal income tax rate • Number of regulatory requirements	Lowest 2nd lowest 68,337	Lowest In the lowest 3 66,000	Lowest In the lowest 3 58,000	Lowest In the lowest 3 45,000
• Effective management of public-sector compensation	• Develop a framework for executive compensation and for bargaining mandates that incorporate fiscal goals, policy and program decisions and labour market considerations	• Under development	n/a			

Core Business Activity 2: Effective financial management and regulation.

Goals/Objectives	Strategies	Performance Measures	Benchmark/ Baseline 2001/02	Targets		
				2002/03	2003/04	2004/05
• Support business development	• Remove barriers to business investment and economic development by streamlining regulation and introducing a new Company Act	• Rank relative to other provinces of the growth of real GDP per capita (Stats Canada)	6th	Top 5	Top 4	Top 3
• Effective debt management	• Minimize the costs and risks of government's debt by taking advantage of opportunities in domestic and international capital markets • Provide comprehensive support for credit rating analysis and expand investor relations activities • Develop cash flow models and systems to minimize borrowing requirements and maximize investment returns on surplus cash	• Provincial credit rating (Standard & Poor's) Compared to other provinces • Debt to GDP ratio • Debt service costs (cents per revenue dollar) (Source: Dominion Bond Rating Service)	AA- 2nd Lowest 3rd Lowest	AA- In the lowest 3 2nd Lowest	AA- n the lowest 3 2nd Lowest	AA- In the lowest 3 2nd Lowest
• Achieve efficiencies through technological advancements to streamline regulatory burden and financial management practices	• Provide electronic filing for all corporate and personal property registration • Revise management policy manuals and consolidate in an electronic form • Implement cross-government electronic solutions for common business practices	• Percentage of company incorporations and registrations filed electronically	60%	75%	90%	100%
• Risk-based approach to managing government resources	• Expand the mandate of the government's self-insurance program to the broader public sector • Introduce the Enterprise Wide Risk Management program to all government agencies • Establish a risk-based review of government payments to minimize administration costs while preserving appropriate financial controls • Focus internal audit resources on areas of greatest risk and opportunity	• Incremental savings from self-insurance	$350 million (cumulative savings to date)	$25 million	$30 million	$35 million

Core Business Activity 3: Comprehensive, timely and transparent financial reporting.

Goals/Objectives	Strategies	Performance Measures	Benchmark/ Baseline 2001/02	Targets		
				2002/03	2003/04	2004/05
• Meet statutory reporting and budgeting requirements and comply with GAAP	• Full implementation of generally accepted accounting principles (GAAP) • Use technological advancements to simplify reporting process and to improve flexibility for users	• Full implementation of GAAP • Delivery date for annual Public Accounts	Partial August 31 (statutory)	Partial July 15	Partial July 15	Full July 15
• Provide a stable operating environment for the corporate financial system across government	• Continuous improvement of operating environment technology to ensure system availability during working hours	• Percentage of time the corporate financial system is available	95%	98%	98%	99%

Core Business Activity 4: Effective executive and administrative support services.

Goals/Objectives	Strategies	Performance Measures	Benchmark/ Baseline 2001/02	Targets		
				2002/03	2003/04	2004/05
• Effective leadership and planning[1]	• Develop Ministry three-year service plan and review progress quarterly • Produce ministry annual report	• Under development	n/a			
• Efficient financial and administrative services	• Review financial and administrative functions within the ministry • Employ technological advancements where appropriate • Timely response to correspondence	• Percentage of responses to ministerial correspondence completed within two weeks	60%	80%	80%	80%

[1] See also Human Resource Management Plan attached. The performance measures for this plan are under development.

Other Program Initiatives

- The BC Family Bonus Program is administered by the federal government through its Canada Child Tax Benefit system and is designed to assist low-income families. Since 1998, the Province has reduced its annual contribution as the federal government has increased its funding for this program. Despite these changes, families will still receive an annual increase in their benefits; it will be less than if no changes were being made.

- In keeping with the government objective to focus on core business activities, the Ministry will divest itself of its unclaimed property responsibilities. The Ministry will identify and review other models for managing this activity.

E. Resources

I. Budget

The following table outlines the Ministry of Finance's plan to achieve the 35% reduction target:

(All figures are $ thousands except FTEs)	FISCAL YEAR			
	2001/02 (Restated Estimates)	**2002/03 Estimates**	**2003/04 Plan**	**2004/05 Plan**
Ministry of Finance :				
Minister s Office	429	431	431	431
Corporate Services and Initiatives	1.699	1.313	1.449	1.034
Financial and Corporate Sector Policy	759	759	759	717
Treasury Board Staff	7.740	7.739	6.482	5.946
Capital Division	3.743	3.353	2.100	1.800
Office of the Comptroller General	5.903	6.401	5.901	5.540
Corporate Accounting System	1	1	1	1
Internal Audit and Advisory Services	1	1	1	1
Provincial Treasury	1	1	1	1
Registries	8.390	7.216	6.465	2.844
Financial Institutions Commission	1	1	1	1
Total Operating Expenditures	**28.667**	**27.216**	**23.591**	**18.316**
Total Capital Expenditures	10.522	9.689	8.294	7.301
Total FTEs	600	559	496	441
Other Appropriations:				
Public Sector Employers' Council				
Operating Expenditures	3.161	1.939	1.939	1.939
Capital Expenditures	94	15	12	15
FTEs	19	13	13	13
BC Bonus Program[2]				
Operating Grants	120.000	91.000	85.000	78.000
Unclaimed Property				
Operating Expenditures	1.025	931	809	0
Capital Expenditures	50	145	10	0
FTEs	4	4	2	0
Insurance and Risk Management[3]				
Revenues	19.980	18.580	22.770	24.392
Expenditures	13.249	16.715	17.663	18.791
Net Revenues	6.731	1.865	5.107	5.601
Capital Expenditures	948	1.000	250	250
FTEs	26	28	28	28

[1] The Ministry base budget has been adjusted to reflect the transfer of Communications activities to the Public Affairs Bureau ($1.5 million); the transfer of resources from the Capital Division to other ministries ($0.7 million) and to IRMA; and the change in funding model for the Corporate Accounting System ($15.9 million)

[2] No Ministry of Finance FTEs are associated with this program

[3] The mandate of IRMA will be expanded to the broader public sector. Savings from this program are expected through a decrease in insurance costs over time. The base budget was adjusted to reflect the transfer of the Seismic Mitigation Program from the Capital Division

II. Information Resource Management Plan

The Ministry of Finance will undertake strategic investment in information technology in order to achieve the objectives in this service plan. These investments include, but are not limited to:

- Corporate Accounting System (CAS): modules under development will be completed (e.g., I-expense); modules will be developed to support the Shared Services initiative based on a cost-recovery model from users
- Corporate Online System (COLIN) and Corporate Annual Report System (CARS): development will support the electronic delivery of all registry services
- Enterprise-Wide Risk Management software: will support the expansion of the government's risk management and self-insurance activities
- Debt Management System (DMS): development will support proactive management of government debt and streamline existing reporting and forecasting activities
- Certificate of Approval Program (COA): re-development of the system to support the tracking of capital expenditures by ministries and Crown agencies
- Electronic banking: implementation of new technology and payment/receipt mechanisms to support the E-Government initiative

The Ministry will also identify opportunities and support development of information sharing and cross-government systems, including one-stop business registration, single business number, and a central web-portal. As well, the Ministry will work with the private sector to identify opportunities for alternative electronic service delivery models.

III. Human Resource Management Plan (under development)

Preferred Future:

Ministry staff is respected for its attitude, knowledge and skills, its effective management of public policy and its dedication to achieving quality, affordable services for the taxpayer

Goal	Objective	Strategy	Measure
Alignment To ensure the goals and activities of Ministry employees are aligned with Ministry and government goals	• Employees understand government goals and priorities • Employees understand their roles	• Regular communication to employees about government and Ministry performance plan goals, including workforce adjustment initiatives • Seek feedback from employees on aspects of the work environment on a regular basis	• Percentage of employees aware of how the work of their division contributes to Ministry goals • Percentage of employees aware of how their work contributes to their division's performance plan
Versatility To ensure the Ministry can rapidly adapt and transform itself to meet changing needs	• Divisions anticipate and respond to future human resource needs • Movement within and across divisions is used to promote learning from different experiences	• Hire new graduates as interns • Participate in work experience and co-op programs from post – secondary institutions • Facilitate movement of staff within or across divisions	• Number of work experience, co-op and internship placements • Number of developmental moves for staff (i.e. to executive and management positions)
Commitment To ensure employee commitment to Ministry goals and values	• Employees have clear performance measures and expected outcomes • Employees receive formal and informal recognition for their contributions	• Ensure all employees develop performance plans that are linked to the Ministry's performance plan goals • Ensure all employees develop and report on meaningful performance measures • Establish both formal and informal recognition programs	• Percentage of employees who report their organization helps them know and understand how well they are performing • Percentage of employees who receive recognition for their contributions to progress on performance plan goals
Competence To ensure the Ministry has the knowledge, skills and abilities to accomplish current and future performance plan goals	• Employees able to identify and develop the skills they need to succeed • Employee learning and skill development is expected and supported	• Use competencies as a tool in selection, targeting development, and assessing performance for all employees • Provide coaching and other supports for learning and leadership development • Introduce targeted learning strategies	• Number of former and current employees successful in attaining senior management positions in government • Employees' assessment of organizational support for their learning to meet current and future needs
Well-being To ensure the Ministry is an attractive employer for current and potential employees	• Employees are satisfied with their employment in the Ministry • Employees receive support for their own safety and well-being	• Encourage safe work practices • Accommodate employees' needs for workplace flexibility • Advise Human Resource Services when employees are away for ten days or more	• Percentage of employees who are satisfied with their employment in the Ministry • Achieve targets that promote employee safety and well-being